

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2001-434

June 6, 2002

BANGOR HYDRO-ELECTRIC COMPANY
Approval of Special Rate Agreement with
Lincoln Pulp & Paper Company, Inc.

SUPPLEMENTAL ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

We approve a revised stipulation that modifies the recommended ratemaking treatment associated with the Special Rate Agreement between Bangor Hydro-Electric Company (BHE) and Lincoln Pulp & Paper Company, Inc. (Lincoln).

By Order on April 30, 2002, we approved an amendment to the Special Rate Agreement (SRA) under our authority in 35-A M.R.S.A. § 703. This amendment was necessitated by new generation supply arrangements for Lincoln. As a result of the new generation supply arrangements, BHE will receive a greater contribution from Lincoln than the amount built into stranded cost rates in Docket No. 2001-239, in each of the remaining three years of the SRA. In the April 30th Order, we also approved a stipulation between the parties to this docket that, among other things, agreed to the ratemaking treatment associated with the benefits from the SRA. The Stipulation requires BHE to defer the amount of increased contribution. In addition, the parties agreed that BHE would reduce stranded cost rates effective on June 1, 2002, in the amount equal to any transmission rate increase effective the same day, up to the limit of the expected increased contribution from the Lincoln agreement in the period March 1, 2002 through February 28, 2003.

On May 20, 2002, BHE and the Office of Public Advocate (OPA) filed a revision to the Stipulation. Lincoln filed a letter stating that it did not join the revised stipulation but did not oppose it either. In the revision, the parties state that BHE will not increase its transmission rates on June 1, 2002, so that stranded costs will not be changed pursuant to the April 30th Order and the approved stipulation. In the May 20th revised stipulation, the parties agree that if BHE increases its transmission rates effective on June 1, 2003, then BHE will reduce its stranded costs rates by an amount that will offset the revenue amount of the transmission rate increase, limited to the amount of the increased Lincoln contribution that BHE will defer for the period March 1, 2002 through May 30, 2003.

Since BHE will not increase its transmission rates on June 1, 2002, but may increase those rates on June 1, 2003, we find it reasonable that BHE and the OPA have agreed to postpone the ratemaking treatment previously agreed to take effect on June, 2002, to instead take effect on June 1, 2003. Accordingly, we approve the May 20, 2002 Revised Stipulation.

Dated at Augusta, Maine, this 6th day of June, 2002.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent
 Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.